

**ENOCH CITY  
FINANCIAL STATEMENTS  
JUNE 30, 2005**

## **C O N T E N T S**

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>3</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>	
<b>STATEMENT OF NET ASSETS</b>	<b>16</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>17</b>
<b>FUND FINANCIAL STATEMENTS:</b>	
<b>BALANCE SHEET</b>	<b>18</b>
<b>BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS</b>	<b>19</b>
<b>STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES</b>	<b>20</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES             IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>21</b>
<b>STATEMENT OF NET ASSETS - PROPRIETARY FUND</b>	<b>22</b>
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -             PROPRIETARY FUND</b>	<b>23</b>
<b>STATEMENT OF CASH FLOWS - PROPRIETARY FUND</b>	<b>24</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>25</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):</b>	
<b>BUDGETARY COMPARISON SCHEDULES:</b>	
<b>GENERAL FUND</b>	<b>44</b>
<b>NOTE A - BUDGETARY COMPARISON SCHEDULE BUDGET-TO-GAAP RECONCILIATION</b>	<b>47</b>
<b>REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</b>	<b>49</b>
<b>AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE</b>	<b>51</b>

# Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
Enoch City  
Enoch, Utah 84720

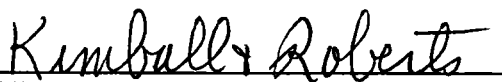
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Enoch City as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Enoch City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Enoch City as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2005, on our consideration of Enoch City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 4 through 14 and 43 through 46 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

September 27, 2005  
Richfield, Utah

(This page contains no information and  
is used to assist in formatting, for easier reading)

# **ENOCH CITY MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2005**

This discussion of Enoch City's financial performance provides an overview of the City's financial activities for the year ending June 30, 2005. This report is in conjunction with the City's financial statements.

The purpose of the City is to provide general services to its residents which includes general government, public safety, highways and public improvements, and parks and recreation.

## **Financial Highlights**

- \* The assets of Enoch City exceeded its liabilities as of the close of the most recent year by \$10,685,051 (net assets). Of this amount, \$1,588,476 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- \* The government's total net assets increased by \$623,258. The revenues met or exceeded the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- \* At the close of the current year, the City's governmental funds reported combined ending fund balances of \$1,037,240, an increase of \$180,673 in comparison with the prior year. Approximately 48 percent of this total amount, \$500,742 is available for spending at the government's discretion (unreserved fund balance).
- \* At the end of the current year, unreserved fund balance for the general fund was \$323,909, or 40 percent of total general fund expenditures.
- \* Enoch City's total debt decreased by \$138,630 during the current year.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Enoch City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of City include general government, public safety, highways and public improvements and parks and recreation. The business-type activities of the City are water, sewer and sanitation.

Refer to the table of contents for the location of the government-wide financial statements.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and enterprise funds.

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Enoch City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital project fund both of which are considered to be major funds.

The City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

### **Proprietary Funds**

Enoch City maintains three types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. A combining statement for these three funds is shown elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and sanitation funds which are all considered to be a major funds of the City.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

## Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City.

The combining statements referred to earlier in connection with the non-major governmental fund and the major enterprise funds is presented immediately following the required supplementary information.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Enoch City, assets exceeded liabilities by \$10,685,051 at the close of the most recent fiscal year. By far the largest portion of the City's net assets (61 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Enoch City's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	1,078,761	899,981	3,220,599	2,715,663	4,299,360	3,615,644
Capital Assets	<u>3,201,083</u>	<u>3,327,825</u>	<u>6,840,981</u>	<u>6,882,245</u>	<u>10,042,064</u>	<u>10,210,070</u>
Total Assets	<u>4,279,844</u>	<u>4,227,806</u>	<u>10,061,580</u>	<u>9,597,908</u>	<u>14,341,424</u>	<u>13,825,714</u>
Long-Term Liabilities	29,305	24,232	3,500,614	3,639,246	3,529,919	3,663,478
Other Liabilities	<u>41,521</u>	<u>43,414</u>	<u>84,933</u>	<u>57,029</u>	<u>126,454</u>	<u>100,443</u>
Total Liabilities	<u>70,826</u>	<u>67,646</u>	<u>3,585,547</u>	<u>3,696,275</u>	<u>3,656,373</u>	<u>3,763,921</u>
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	3,201,083	3,327,825	3,330,965	3,233,199	6,532,048	6,561,024
Restricted	536,498	405,677	2,028,029	1,635,879	2,564,527	2,041,556
Unrestricted	<u>471,437</u>	<u>426,658</u>	<u>1,117,039</u>	<u>1,032,555</u>	<u>1,588,476</u>	<u>1,459,213</u>
Total Net Assets	<u>4,209,018</u>	<u>4,160,160</u>	<u>6,476,033</u>	<u>5,901,633</u>	<u>10,685,051</u>	<u>10,061,793</u>

A portion of the City's net assets (24 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,588,476) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

### Governmental Activities

Governmental activities increased Enoch City's net assets by \$48,858.

#### Enoch City's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for Services	225,161	135,405	974,027	889,693	1,199,188	1,025,098
Operating Grants	188,228	220,537	-	-	188,228	220,537
General Revenues:						
Property Taxes	165,594	157,263	-	-	165,594	157,263
Other Taxes	381,889	313,803	-	-	381,889	313,803
Gain on Sale of Assets	-	160,191	-	-	-	160,191
Impact Fees	59,000	25,500	468,300	198,900	527,300	224,400
Revenues:						
Unrestricted Investment Earnings	41,199	18,391	50,849	27,099	92,048	45,490
Total Revenues	1,061,071	1,031,090	1,493,176	1,115,692	2,554,247	2,146,782
Expenses:						
General Government	326,094	293,713	-	-	326,094	293,713
Public Safety	305,361	165,164	-	-	305,361	165,164
Highways and Public Improvements	352,442	343,296	-	-	352,442	343,296
Parks and Recreation	28,316	23,266	-	-	28,316	23,266
Water, Sewer & Sanitation	-	-	918,776	830,950	918,776	830,950
Total Expenses	1,012,213	825,439	918,776	830,950	1,930,989	1,656,399
Increase in Net Assets Before Transfers	48,858	205,651	574,400	284,742	623,258	490,383
Increase in Net Assets	48,858	205,651	574,400	284,742	623,258	490,393
Net Assets - Beginning	4,160,160	3,954,509	5,901,633	5,616,891	10,061,793	9,571,484
Net Assets - Ending	4,209,018	4,160,160	6,476,033	5,901,633	10,685,051	10,061,793

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Two noteworthy exceptions, however, were the City's purchase of capital assets as follows:

- 1). Police car - \$23,500.
- 2). Animal Shelter - \$76,000.

### **Business-Type Activities**

Business-type activities increased the City's net assets by \$574,400 accounting for 92 percent of the total increase in the government's net assets. Key elements of this increase are as follows:

- \* Revenues increased by \$84,334.
- \* Impact fees collected during the year was \$468,300.
- \* The revenues met or exceeded the adopted budget amounts, and expenses were less than the adopted budget amounts.
- \* The depreciation in the enterprise funds increased \$533 from the prior year.

### **Financial Analysis of the Government's Funds**

As noted earlier, Enoch City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the City's governmental funds reported combined ending fund balances of \$1,037,240, an increase of \$180,673 in comparison with the prior year. Approximately 48 percent of this amount, \$500,742, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund is *reserved* to indicate that it is not available for new spending because it has already been committed to highways and public improvements for \$331,987, and impact fees of \$204,511.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved fund balance of the general fund was \$323,909, while total fund balance reached \$860,407. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 40 percent of total general fund expenditures, while total fund balance represents 107 percent of that same amount.

### **Proprietary Funds**

Enoch City's proprietary funds provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water, sewer and sanitation funds at the end of the year were \$1,117,039. Other factors concerning the finances of these funds has already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of \$151,676 can be briefly summarized as follows:

- \* \$33,900 increase in general government.
- \* \$89,050 increase in public safety.
- \* \$2,600 decrease in highways and public improvements.
- \* \$11,550 increase in parks and recreation.
- \* \$19,786 increase in non-departmental for transfers out.

Of this increase, \$25,100 was funded out of prior year unreserved fund balance. During the year, however, actual revenues were less than budgeted revenues by \$6,074 and actual expenditures were less than budgeted expenditures by \$255,896 resulting in a net increase in fund balance of \$249,822.

### Capital Asset and Debt Administration:

#### Capital Assets

Enoch City's investment in capital assets for its governmental activities as of June 30, 2005, was \$3,201,083 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads and paved trails.

The total increase in the City's investment in capital assets for the current year was \$318,823. Major capital asset events during the current year are shown below by category in the comparison to the prior year.

#### Enoch City's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	703,000	703,000	88,017	88,017	791,017	791,017
Water Shares	-	-	58,375	58,375	58,375	58,375
Infrastructure	1,872,125	2,038,125	-	-	1,872,125	2,038,125
Buildings	515,158	459,200	50,581	52,299	565,739	511,499
Improvements	-	-	6,414,777	6,569,327	6,414,777	6,569,327
Construction in Progress	-	-	140,241	-	140,241	-
Vehicles & Equipment	110,800	127,500	88,990	114,227	199,790	241,727
<b>Total</b>	<b>3,201,083</b>	<b>3,327,825</b>	<b>6,840,981</b>	<b>6,882,245</b>	<b>10,042,064</b>	<b>10,210,072</b>

Additional information on the City's capital assets can be found in the notes to the financial statements.

## Long -Term Debt

At the end of the current year, the City had total bonded debt outstanding of \$3,639,246. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds), and general obligation bonds.

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	-	-	2,268,000	2,376,000	2,268,000	2,376,000
Revenue Bonds	-	-	1,232,616	1,263,246	1,232,616	1,263,246
Total Long-Term Debt	-	-	3,500,616	3,639,246	3,500,616	3,639,246

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the City. The total allowable general obligation debt at June 20, 2005 is approximately \$11,400,000. The present general obligation debt is \$2,268,000.

Additional information on the City's long-term debt can be found in the notes of the financial statements.

### Economic Factors and Next Year's Budgets and Rates

- \* The City raised the garbage rate by \$1 during the current fiscal year. The other utility rates remained the same as the prior fiscal year.

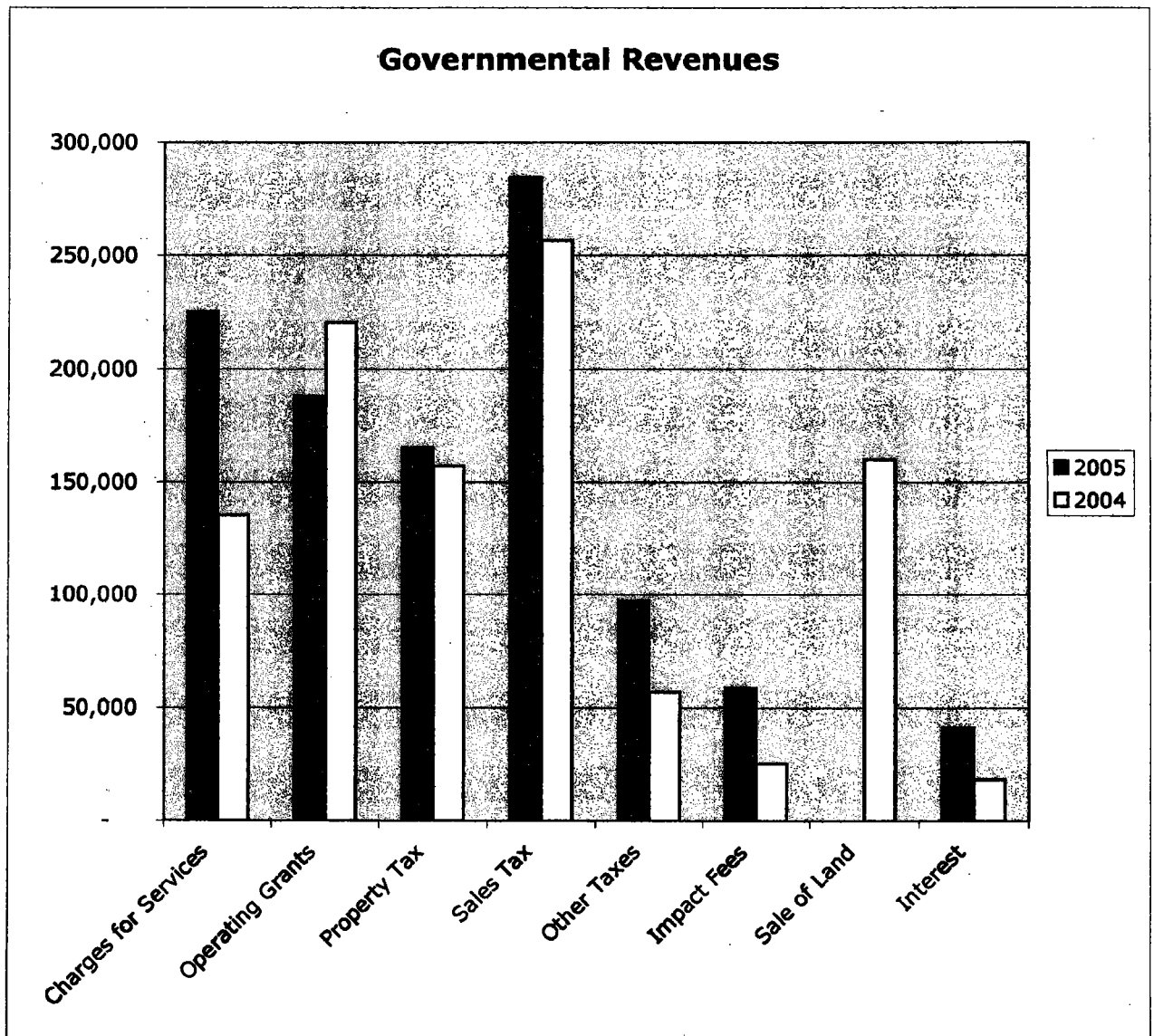
This factor was considered in preparing the City's budget for the 2004-2005 fiscal year.

### Request for Information

This financial report is designed to provide a general overview of Enoch City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Enoch City's Treasurer, 900 East Midvalley Road, Enoch, Utah, 84720.

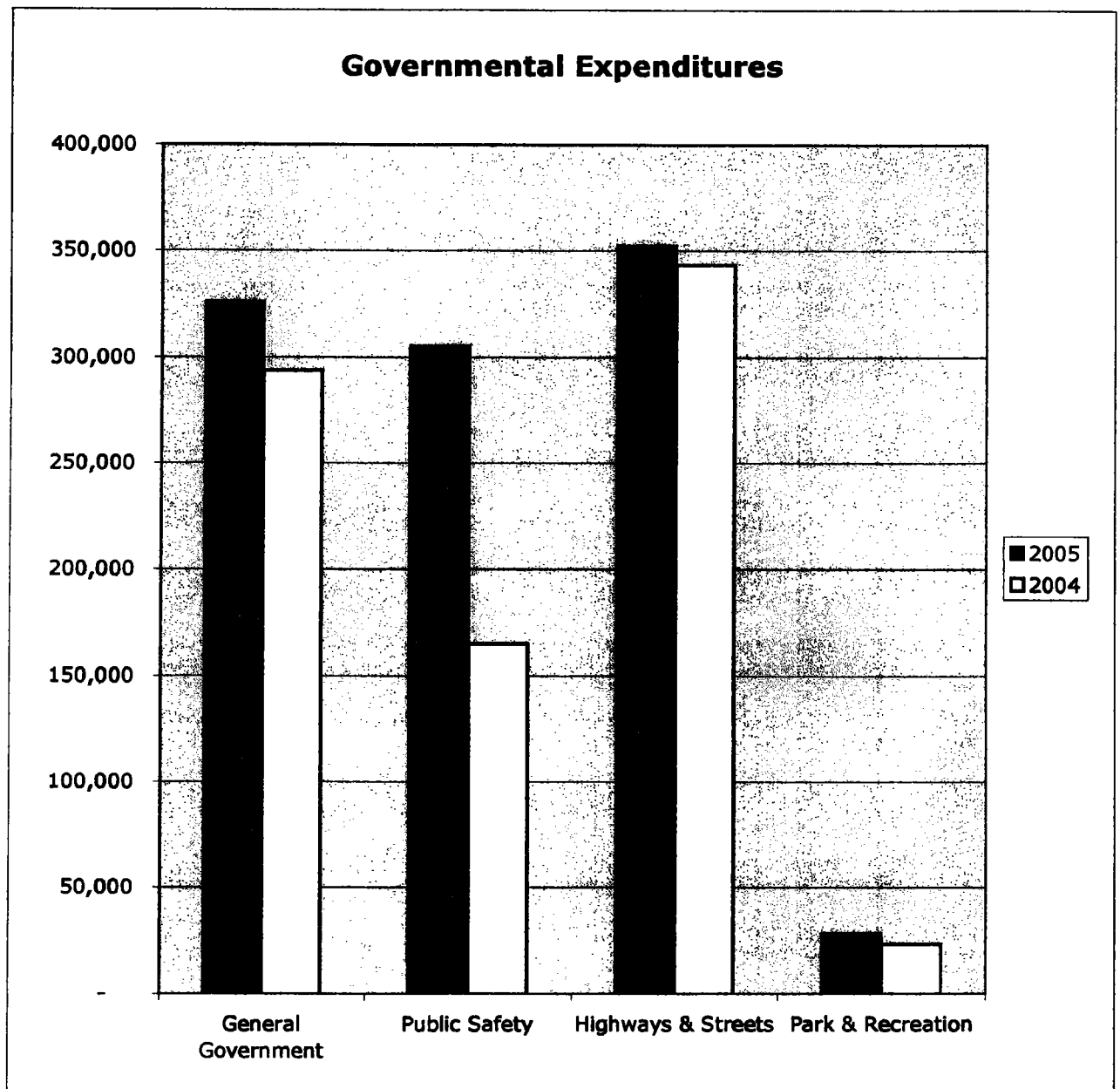
**Enoch City  
Governmental Revenues  
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Charges for Services	225,161	135,405
Operating Grants	188,228	220,537
Property Tax	165,594	157,263
Sales Tax	284,288	256,607
Other Taxes	97,601	57,196
Impact Fees	59,000	25,500
Sale of Land		160,191
Interest	41,199	18,391
<b>Total Revenues</b>	<b>1,061,071</b>	<b>1,031,090</b>



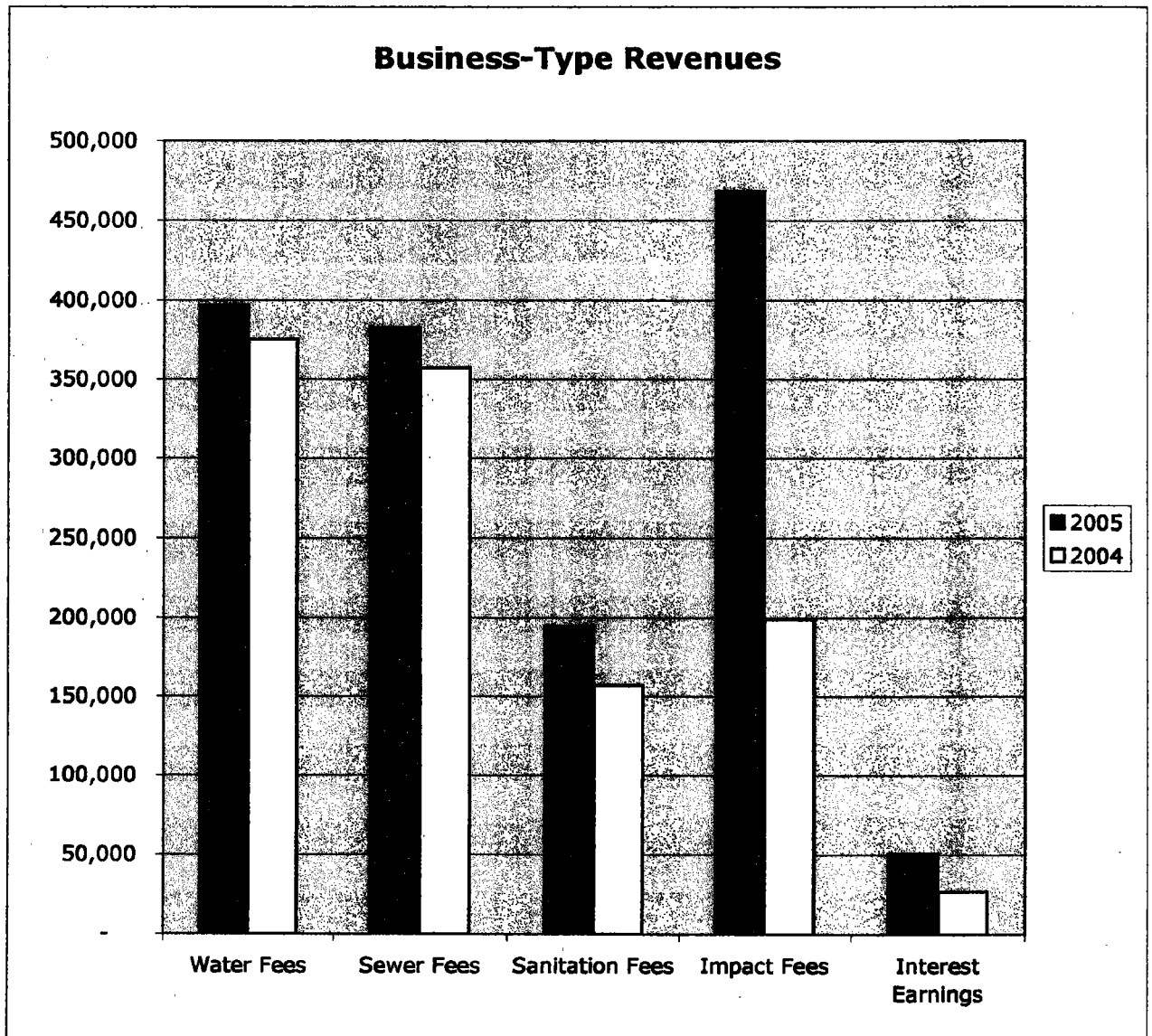
**Enoch City  
Governmental Expenditures  
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
General Government	326,094	293,713
Public Safety	305,361	165,164
Highways & Streets	352,442	343,296
Park & Recreation	28,316	23,266
<b>Total Expenditures</b>	<b>1,012,213</b>	<b>825,439</b>



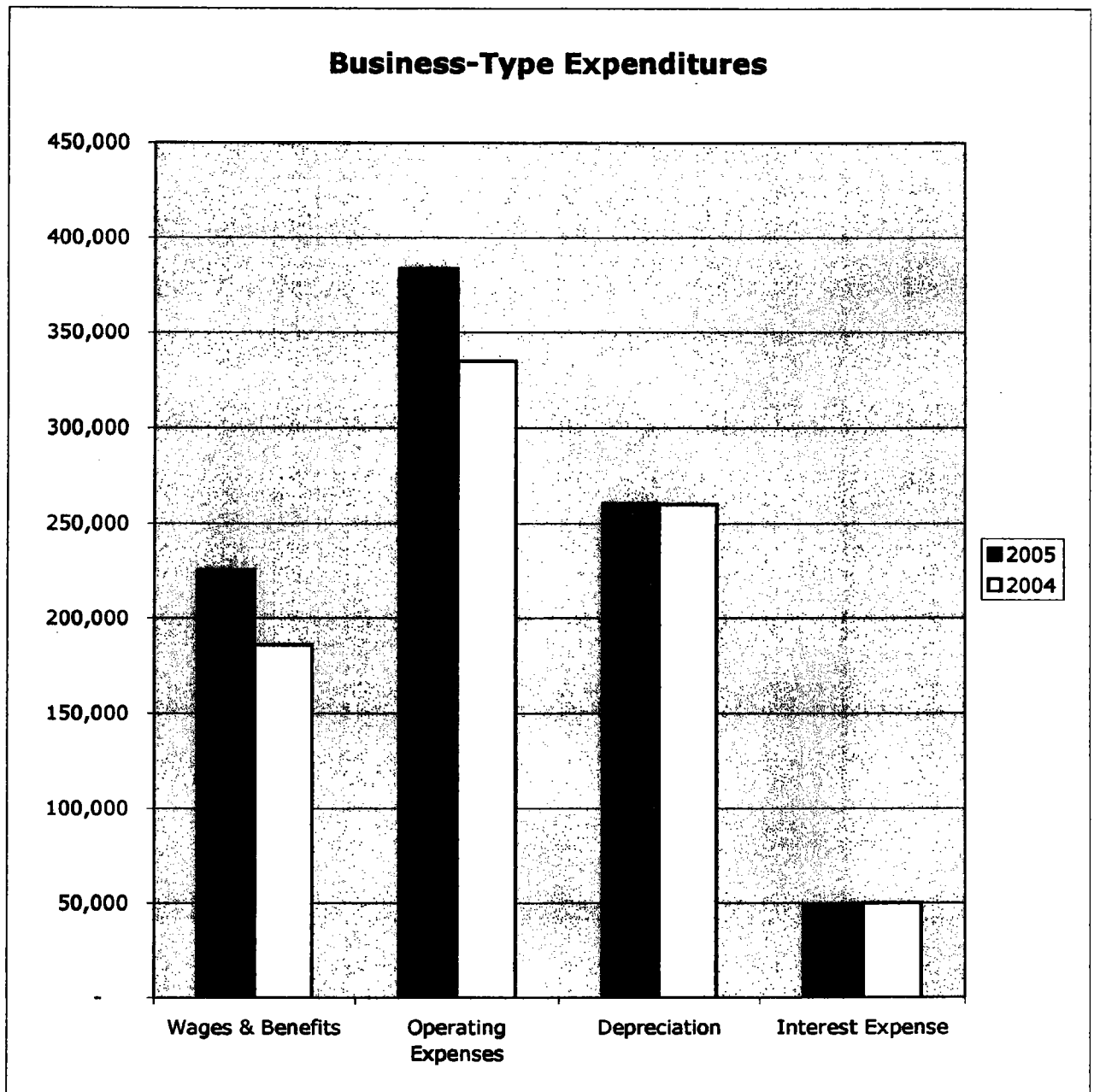
**Enoch City  
Business-Type Revenues  
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Water Fees	396,665	375,313
Sewer Fees	382,938	357,351
Sanitation Fees	194,424	157,029
Impact Fees	468,300	198,900
Interest Earnings	50,849	27,100
<b>Total Revenues</b>	<b><u>1,493,176</u></b>	<b><u>1,115,693</u></b>



**Enoch City  
Business Type Expenditures  
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Wages & Benefits	225,530	186,022
Operating Expenses	383,685	334,992
Depreciation	260,587	260,054
Interest Expense	48,974	49,882
<b>Total Expenditures</b>	<b>918,776</b>	<b>830,950</b>



(This page contains no information and  
is used to assist in formatting, for easier reading)

---

# **BASIC FINANCIAL STATEMENTS**

---

**ENOCH CITY  
STATEMENT OF NET ASSETS**

June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	1,012,116	2,996,135	4,008,251
Accounts Receivable (Net)	17,280	94,464	111,744
Taxes Receivable (Net)	17,029	-	17,029
Due From Other Government Units	32,336	-	32,336
<b>Total Current Assets</b>	<b>1,078,761</b>	<b>3,090,599</b>	<b>4,169,360</b>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	130,000	130,000
Capital Assets (Net of Accumulated Depreciation):			
Land	703,000	88,017	791,017
Water Shares	-	58,375	58,375
Buildings	515,158	50,581	565,739
Improvements Other Than Buildings	-	6,414,777	6,414,777
Equipment	33,300	88,990	122,290
Vehicles	77,500	-	77,500
Infrastructure	1,872,125	-	1,872,125
Construction in Progress	-	140,241	140,241
<b>Total Noncurrent Assets</b>	<b>3,201,083</b>	<b>6,970,981</b>	<b>10,172,064</b>
<b>TOTAL ASSETS</b>	<b>4,279,844</b>	<b>10,061,580</b>	<b>14,341,424</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	30,671	27,815	58,486
Accrued Liabilities	10,850	-	10,850
Deposits Payable	-	47,718	47,718
Bond Interest Payable	-	9,400	9,400
Bonds Payable - Due Within One Year	-	139,730	139,730
<b>Total Current Liabilities</b>	<b>41,521</b>	<b>224,663</b>	<b>266,184</b>
Noncurrent Liabilities:			
Bonds Payable - Due More Than One Year	-	3,360,884	3,360,884
Compensated Absences	29,305	-	29,305
<b>Total Noncurrent Liabilities</b>	<b>29,305</b>	<b>3,360,884</b>	<b>3,390,189</b>
<b>TOTAL LIABILITIES</b>	<b>70,826</b>	<b>3,585,547</b>	<b>3,656,373</b>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Debt	3,201,083	3,330,965	6,532,048
Restricted For:			
Bond Retirement	-	130,000	130,000
Class C Road	331,987	-	331,987
Impact Fees	204,511	1,898,029	2,102,540
Unrestricted	471,437	1,117,039	1,588,476
<b>TOTAL NET ASSETS</b>	<b>4,209,018</b>	<b>6,476,033</b>	<b>10,685,051</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>4,279,844</b>	<b>10,061,580</b>	<b>14,341,424</b>

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY  
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Function/Programs Primary Government:	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	326,094	193,120	1,700	-	(131,274)	-	(131,274)
Public Safety	305,361	22,181	32,170	-	(251,010)	-	(251,010)
Highways and Public Improvements	352,442	2,500	150,588	-	(199,354)	-	(199,354)
Park and Recreation	28,316	7,360	3,770	-	(17,186)	-	(17,186)
Total Governmental Activities	1,012,213	225,161	188,228	-	(598,824)	-	(598,824)
Business-Type Activities:							
Water Fund	421,611	396,665	-	-	-	(24,946)	(24,946)
Sewer Fund	325,231	382,938	-	-	-	57,707	57,707
Sanitation Fund	171,934	194,424	-	-	-	22,490	22,490
Total Business-Type Activities	918,776	974,027	-	-	-	55,251	55,251
Total Primary Government	1,930,989	1,199,188	188,228	-	(598,824)	55,251	(543,573)
General Revenues:							
Property Taxes					165,594	-	165,594
Fee-In-Lieu of Property Taxes					43,753	-	43,753
Sales Taxes					284,288	-	284,288
Franchise Taxes					18,744	-	18,744
Telecommunications Tax					35,104	-	35,104
Impact Fees					59,000	468,300	527,300
Unrestricted Investment Earnings					41,199	50,849	92,048
Total General Revenues and Transfers					647,682	519,149	1,166,831
Change in Net Assets					48,858	574,400	623,258
Net Assets - Beginning					4,160,160	5,901,633	10,061,793
Net Assets - Ending					4,209,018	6,476,033	10,685,051

**ENOCH CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS**

**For The Fiscal Year Ended June 30, 2005**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	834,531	177,585	1,012,116
Accounts Receivable (Net)	34,309	-	34,309
Due From Other Government Units	32,336	-	32,336
<b>TOTAL ASSETS</b>	<u>901,176</u>	<u>177,585</u>	<u>1,078,761</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	29,919	752	30,671
Accrued Liabilities	10,850	-	10,850
<b>Total Liabilities</b>	<u>40,769</u>	<u>752</u>	<u>41,521</u>
Fund Balances:			
Reserved For:			
Class C Road	331,987	-	331,987
Impact Fees	204,511	-	204,511
Unreserved, Reported In:			
General Fund	323,909	-	323,909
Capital Project Fund	-	176,833	176,833
<b>Total Fund Balance</b>	<u>860,407</u>	<u>176,833</u>	<u>1,037,240</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>901,176</u>	<u>177,585</u>	<u>1,078,761</u>

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY**  
**BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

**June 30, 2005**

Total Fund Balances - Governmental Fund Types	1,037,240
---	-----------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	703,000
Buildings	515,158
Equipment	33,300
Vehicles	77,500
Infrastructure	<u>1,872,125</u>

Total	3,201,083
-------	-----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	<u>(29,305)</u>
----------------------	-----------------

Net Assets of Government Activities	<u><u>4,209,018</u></u>
-------------------------------------	-------------------------

**ENOCH CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

**For The Fiscal Year Ended June 30, 2005**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Taxes	547,483	-	547,483
Licenses and Permits	197,804	-	197,804
Intergovernmental Revenue	188,228	-	188,228
Charges for Services	59,097	-	59,097
Fines and Forfeitures	7,570	-	7,570
Interest	34,200	6,999	41,199
Miscellaneous Revenues	<u>19,690</u>	<u>-</u>	<u>19,690</u>
 Total Revenues	 <u>1,054,072</u>	 <u>6,999</u>	 <u>1,061,071</u>
 <b>Expenditures:</b>			
Current:			
General Government	300,765	148	300,913
Public Safety	291,994	-	291,994
Highways and Public Improvements	164,025	-	164,025
Parks and Recreation	23,966	-	23,966
Capital Outlay	<u>23,500</u>	<u>76,000</u>	<u>99,500</u>
 Total Expenditures	 <u>804,250</u>	 <u>76,148</u>	 <u>880,398</u>
 Net Change In Fund Balance	 249,822	 (69,149)	 180,673
 Fund Balance - Beginning	 <u>610,585</u>	 <u>245,982</u>	 <u>856,567</u>
 Fund Balance - Ending	 <u><u>860,407</u></u>	 <u><u>176,833</u></u>	 <u><u>1,037,240</u></u>

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For The Fiscal Year Ended June 30, 2005**

Amounts reported for governmental activities in the statement of activities  
are different because:

Net Changes in Fund Balances - Total Governmental Funds	180,673
---	---------

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	99,500	
Depreciation Expense	<u>(226,242)</u>	
 Total		 (126,742)

Some expenses reported in the statement of activities do not require  
the use of current financial resources and, therefore, are not reported as  
expenditures in governmental funds:

Compensated Absences	<u>(5,073)</u>
----------------------	----------------

Changes In Net Assets of Governmental Activities	<u><u>48,858</u></u>
--	----------------------

**ENOCH CITY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND**

**June 30, 2005**

	Business-Type Activity Enterprise Fund			
	Water Fund	Sewer Fund	Sanitation Fund	Totals
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	1,296,365	1,515,650	184,120	2,996,135
Accounts Receivable	40,215	38,208	16,041	94,464
Total Current Assets	<u>1,336,580</u>	<u>1,553,858</u>	<u>200,161</u>	<u>3,090,599</u>
Noncurrent Assets:				
Investments - Restricted:				
Bond Retirement	-	130,000	-	130,000
Capital Assets: (Net of Accum. Depr.)				
Land	64,767	23,250	-	88,017
Water Shares	58,375	-	-	58,375
Buildings	18,581	32,000	-	50,581
Improvements Other Than Buildings	2,476,452	3,938,325	-	6,414,777
Equipment	17,127	602	71,261	88,990
Construction in Progress	140,241	-	-	140,241
Total Noncurrent Assets	<u>2,775,543</u>	<u>4,124,177</u>	<u>71,261</u>	<u>6,970,981</u>
TOTAL ASSETS	<u><u>4,112,123</u></u>	<u><u>5,678,035</u></u>	<u><u>271,422</u></u>	<u><u>10,061,580</u></u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	22,034	119	5,662	27,815
Deposits Payable	47,718	-	-	47,718
Bond Interest Payable	9,400	-	-	9,400
Bonds Payable - Due Within One Year	23,000	116,730	-	139,730
Total Current Liabilities	<u>102,152</u>	<u>116,849</u>	<u>5,662</u>	<u>224,663</u>
Noncurrent Liabilities:				
Bonds Payable - Due More Than One Year	544,366	2,816,518	-	3,360,884
TOTAL LIABILITIES	<u>646,518</u>	<u>2,933,367</u>	<u>5,662</u>	<u>3,585,547</u>
<b>NET ASSETS:</b>				
Invested in Capital Assets, Net of Related Debt	2,198,777	1,060,927	71,261	3,330,965
Restricted for:				
Bond Retirement	-	130,000	-	130,000
Impact Fees	503,738	1,394,291	-	1,898,029
Unrestricted	763,090	159,450	194,499	1,117,039
TOTAL NET ASSETS	<u>3,465,605</u>	<u>2,744,668</u>	<u>265,760</u>	<u>6,476,033</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>4,112,123</u></u>	<u><u>5,678,035</u></u>	<u><u>271,422</u></u>	<u><u>10,061,580</u></u>

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund			
	Water Fund	Sewer Fund	Sanitation Fund	Totals
<b>Operating Revenues:</b>				
Charges for Sales and Services:				
Water Sales	337,486	-	-	337,486
Sewer Sales	-	368,288	-	368,288
Sanitation Collection Fees	-	-	194,424	194,424
Connection Fees	34,400	13,650	-	48,050
Penalties	20,954	-	-	20,954
Other Income	3,825	1,000	-	4,825
Total Operating Revenues	396,665	382,938	194,424	974,027
<b>Operating Expenses:</b>				
Salaries, Wages and Benefits	119,295	43,912	62,323	225,530
Materials, Supplies and Services	180,044	113,321	90,320	383,685
Depreciation	107,938	133,358	19,291	260,587
Total Operating Expenses	407,277	290,591	171,934	869,802
Operating Income	(10,612)	92,347	22,490	104,225
<b>Nonoperating Revenues (Expenses):</b>				
Impact Fees	254,100	214,200	-	468,300
Interest Income	14,868	35,981	-	50,849
Interest Expense	(14,334)	(34,640)	-	(48,974)
Total Nonoperating Revenues (Expenses)	254,634	215,541	-	470,175
Change in Net Assets	244,022	307,888	22,490	574,400
Total Net Assets - Beginning	3,221,583	2,436,780	243,270	5,901,633
Total Net Assets - Ending	3,465,605	2,744,668	265,760	6,476,033

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund			
	Water Fund	Sewer Fund	Sanitation Fund	Totals
<b>Cash Flows From Operating Activities:</b>				
Receipts From Customers	401,542	381,224	192,729	975,495
Payments to Suppliers	(156,465)	(113,322)	(85,596)	(355,383)
Payments to Employees	(119,295)	(43,912)	(62,323)	(225,530)
Net Cash Provided by Operating Activities	125,782	223,990	44,810	394,582
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Principal Paid on Capital Debt	(22,000)	(116,630)	-	(138,630)
Interest Paid on Capital Debt	(14,734)	(34,640)	-	(49,374)
Impact Fees	254,100	214,200	-	468,300
Net Cash Provided (Used) by Capital and Related Financing Activities	217,366	62,930	-	280,296
<b>Cash Flows from Investing Activities:</b>				
Interest Received	14,868	35,981	-	50,849
Purchase of Equipment	(208,647)	-	(10,676)	(219,323)
Net Cash Provided (Used) by Investing Activities	(193,779)	35,981	(10,676)	(168,474)
Net Increase (Decrease) in Cash and Cash Equivalents	149,369	322,901	34,134	506,404
Cash and Cash Equivalents - Beginning	1,146,996	1,322,749	149,986	2,619,731
Cash and Cash Equivalents - Ending	1,296,365	1,645,650	184,120	3,126,135
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>				
Operating Income	(10,612)	92,347	22,490	104,225
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:				
Depreciation	107,938	133,358	19,291	260,587
Increase (Decrease) in Operating Assets:				
Accounts Receivable	4,877	(1,714)	(1,695)	1,468
Accounts Payable	11,155	(1)	4,724	15,878
Deposits Payable	12,424	-	-	12,424
Total Adjustments	136,394	131,643	22,320	290,357
Net Cash Provided (Used) by Operating Activities	125,782	223,990	44,810	394,582

The notes to the financial statements are an integral part of this statement.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Enoch City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2005.

The following is a summary of the more significant policies:

**A. Reporting Entity**

Enoch City is a municipal corporation in Iron County, Utah. It is governed by an elected Mayor and a five member council. As required by generally accepted accounting principles, these financial statements are of the primary government, Enoch City, the reporting entity. The City has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Enoch City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Project Fund account for the acquisition of fixed assets or construction of major capital improvements not being financed by proprietary or nonexpendable trust funds.

The Government reports the following Proprietary Funds:

The Utility Funds accounts for the activities of the City water, sewer and sanitation operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer and sanitation funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Building and Improvements	40 Years
Utility Systems	40 Years
Machinery and Equipment	5 - 10 Years

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

**E. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Budgets and Budgetary Accounting:**

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the City Council in the month of May, the mayor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the City Council makes final adjustments to the tentative budget.
4. On or before June 22, the City Council adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The budget officer may transfer unexpended budgeted amounts within departments.
6. The City Council may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the City Council.
8. Proprietary Fund budgets may be increased without a public hearing by resolution of the City Council.
9. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

The Fiscal Procedures Act for Utah Cities require local municipalities to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance - budget and actual identifies the departments and funds which have overexpended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Property Tax Calendar:**

January 1	Lien Date - All property appraised based upon situs and status as of this date (real and personal).
March 1	Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice.
June 22	All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor.
July 22	County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices.
September 1	State Tax Commission approves tax rates.
November 1	County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit.
November 1	County auditor to charge the county treasurer to account for all taxes levied.
November 1	County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings.
November 30	Taxes on real property become delinquent.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Enoch City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

**Deposits:**

At year end, the carrying amount of the City's deposits was \$307,972 and the bank balance was \$330,807. Of the bank balance, \$100,000 was covered by federal depository insurance. Utah state statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council. Petty cash was \$300.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments:**

Statutes authorize the City to invest in obligations of the U. S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standards and Poors Corporation or P-1 by Moody's Commercial Paper Record, bankers acceptances, repurchase agreements, and the State Treasurer's Investment Pool. The City is also authorized to enter into reverse repurchase agreements.

The City's investments are categorized below to give an indication of the risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City in the City's name, and includes deposits collateralized by securities held by the City in the City's name. Category 2 includes uninsured and unregistered investments for which the investments are held by a broker or dealer in the City's name, and includes deposits collateralized by securities held by the pledging institution in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer but not in the City's name, and includes deposits not insured or collateralized.

Enoch City's investments at year end are shown below:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value/ Carrying Amount</u>
Investments	<u>-</u>	<u>-</u>	<u>-</u>	-
Other Items:				
State Treasurer's Investment Pool				<u>3,829,979</u>
Total Investments				<u>3,829,979</u>

The Utah Public Treasurer's Investment Fund is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The Utah Public Treasurer's Investment Fund is not rated.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk:**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

**Credit Risk:**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act.

Cash is reflected in the financial statements as follows:

Governmental	1,012,116
Proprietary	<u>3,126,135</u>
Total	<u><u>4,138,251</u></u>

**NOTE 3 - BOND RESERVES**

Enoch City's Wastewater Revenue Bond requires a \$108,000 reserve to be established by reserving \$900 per month for ten years. At June 30, 2005, the balance in this reserve account was \$97,000. Also, the City's loan with Rural Development requires a reserve at year end of \$22,000. The balance at year end was \$22,000.

**NOTE 4 - IMPACT FEES**

Effective June 4, 1997, the City adopted an impact fee ordinance for the purpose of requiring that existing as well as new development pay for the fair share of public facilities through impact fees which will be used to finance, defray or reimburse the City for all or a portion of the costs of public facilities which serve such development. The amount of the impact fee shall be calculated and based on the impact of new development on public facilities.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 4 - IMPACT FEES (CONTINUED)**

The impact fees will be based on the following schedule:

	<u>Residential</u>	<u>Commercial</u>
Water	2,100	3,150
Wastewater	1,800	2,700
Parks and Trails	400	600
Streets	<u>100</u>	<u>150</u>
	<u>4,400</u>	<u>6,600</u>

The following is a schedule of impact fees received and expended for the year:

	<u>Streets</u>	<u>Parks</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance:					
June 30, 2004	33,429	112,548	359,070	1,161,808	1,666,855
Receipts:					
Fees	11,800	47,200	254,100	214,200	527,300
Interest	934	3,234	11,446	30,577	46,191
Disbursements	<u>-</u>	<u>(4,634)</u>	<u>(120,879)</u>	<u>(12,293)</u>	<u>(137,806)</u>
Balance:					
June 30, 2005	<u>46,163</u>	<u>158,348</u>	<u>503,737</u>	<u>1,394,292</u>	<u>2,102,540</u>

The City is required to place these impact fees into a separate interest bearing account and may expend these funds only on capital improvements, retiring debt for the system, or other expenditures as allowed by law. These funds must be expended within six years from receipt or the funds must be returned with interest to the payer.

**NOTE 5 - ACCOUNTS RECEIVABLE - UTILITY FUND**

Accounts receivable in the Utility Fund represents customer balances at June 30, 2005.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	313,000	-	-	313,000
Land Related to Infrastructure	<u>390,000</u>	<u>-</u>	<u>-</u>	<u>390,000</u>
 Total Capital Assets Not Being Depreciated	 <u>703,000</u>	 <u>-</u>	 <u>-</u>	 <u>703,000</u>
 Capital Assets Being Depreciated:				
Buildings	583,000	76,000	-	659,000
Equipment	101,000	-	-	101,000
Vehicles	127,000	23,500	-	150,500
Infrastructure	<u>3,320,000</u>	<u>-</u>	<u>-</u>	<u>3,320,000</u>
 Total Capital Assets Being Depreciated	 <u>4,131,000</u>	 <u>99,500</u>	 <u>-</u>	 <u>4,230,500</u>
 Less Accumulated Depreciation For:				
Buildings	123,800	20,042	-	143,842
Equipment	57,600	10,100	-	67,700
Vehicles	42,900	30,100	-	73,000
Infrastructure	<u>1,281,875</u>	<u>166,000</u>	<u>-</u>	<u>1,447,875</u>
 Total Accumulated Depreciation	 <u>1,506,175</u>	 <u>226,242</u>	 <u>-</u>	 <u>1,732,417</u>
 Total Capital Assets Being Depreciated (Net)	 <u>2,624,825</u>	 <u>(126,742)</u>	 <u>-</u>	 <u>2,498,083</u>
 Governmental Activities Capital Assets, Net	 <u>3,327,825</u>	 <u>(126,742)</u>	 <u>-</u>	 <u>3,201,083</u>

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	88,017	-	-	88,017
Water Stock	58,375	-	-	58,375
Construction in Progress	-	140,241	-	140,241
 Total Capital Assets Not Being Depreciated	 146,392	 140,241	 -	 286,633
Capital Assets Being Depreciated:				
Buildings	63,775	-	-	63,775
Utility Systems	8,681,670	68,406	-	8,750,076
Equipment and Vehicles	628,791	10,676	-	639,467
 Total Capital Assets Being Depreciated	 9,374,236	 79,082	 -	 9,453,318
Less Accumulated Depreciation For:				
Buildings	11,476	1,718	-	13,194
Utility Systems	2,112,343	222,955	-	2,335,298
Equipment and Vehicles	514,564	35,914	-	550,478
 Total Accumulated Depreciation	 2,638,383	 260,587	 -	 2,898,970
 Total Capital Assets Being Depreciated (Net)	 6,735,853	 (181,505)	 -	 6,554,348
 Business Type Activities Capital Assets, Net	 6,882,245	 (41,264)	 -	 6,840,981
 Total Capital Assets	 <u>10,210,070</u>	 <u>(168,006)</u>	 <u>-</u>	 <u>10,042,064</u>

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	20,108	-	20,108
Public Safety	13,367	-	13,367
Public Health	-	260,587	260,587
Highways and Public Improvements	188,417	-	188,417
Parks and Recreation	4,350	-	4,350
	<u>226,242</u>	<u>260,587</u>	<u>486,829</u>
Total Depreciation Expense			

**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable represents amounts owed various vendors at June 30, 2005, and paid in subsequent periods.

**NOTE 8 - LONG-TERM DEBT**

**Compensated Absences:**

The City was liable for accrued vacation pay of \$29,305 at June 30, 2005. The following is a statement of changes in General Long-Term Debt:

	<u>Balance June 30, 2004</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2005</u>
Accrued Vacation Pay	<u>24,232</u>	<u>5,073</u>	<u>-</u>	<u>29,305</u>

**Utility Long-Term Debt**

**Water System:**

**C.I. B. Water System Improvement Loan:**

On April 27, 1994, the Permanent Community Impact Fund Board authorized a \$517,600 grant and a \$776,400 loan to Enoch City for the construction of water system improvements, including the construction of a 2.0 million gallon storage tank, supply line, transmission line and booster pump station. The terms of the loan require yearly payments with an interest rate of 2.5%.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

The following is a five year summary of debt service charges to maturity on the C.I.B. Loan:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	23,000	14,184	37,184
2006-2007	23,000	13,609	36,609
2007-2008	24,000	13,034	37,034
2008-2009	24,000	12,434	36,434
2009-2010	25,000	11,834	36,834
2011-2015	135,000	49,447	184,447
2016-2020	152,000	31,475	183,475
2021-2025	161,366	11,820	173,186
	<u>567,366</u>	<u>157,837</u>	<u>725,203</u>
Total			

**Sewer System:**

**Utah Water Quality Loan:**

During 1994 the City obtained a loan from the Utah Water Quality Board in the amount of \$3,125,000. The loan is interest free and requires a 29 year payback as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	108,000	-	108,000
2006-2007	108,000	-	108,000
2007-2008	108,000	-	108,000
2008-2009	108,000	-	108,000
2009-2010	108,000	-	108,000
2011-2015	540,000	-	540,000
2016-2020	540,000	-	540,000
2021-2025	540,000	-	540,000
2026-2030	108,000	-	108,000
	<u>2,268,000</u>	<u>-</u>	<u>2,268,000</u>
Total			

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

**Wastewater Revenue Bonds:**

During 1995/96 Enoch City issued Wastewater Revenue Bonds in the amount of \$350,000 to retire a bond anticipation note used in the construction of the City's new sewer system. The bonds require monthly payments of \$1,761 for 468 months including interest at 5.25% beginning in November of 1996. RECD is the holder of the bonds.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	4,378	16,754	21,132
2006-2007	4,608	16,524	21,132
2007-2008	4,850	16,282	21,132
2008-2009	5,104	16,028	21,132
2009-2010	5,372	15,760	21,132
2011-2015	31,401	74,259	105,660
2016-2020	40,556	65,104	105,660
2021-2025	52,378	53,282	105,660
2026-2030	67,650	38,010	105,660
2031-2035	<u>102,277</u>	<u>18,286</u>	<u>120,563</u>
Total	<u><u>318,574</u></u>	<u><u>330,289</u></u>	<u><u>648,863</u></u>

**General Obligation Bonds:**

The City also issued to USDA Rural Development, General Obligation Bonds to retire another bond anticipation note. This bond is for \$375,000 and requires an annual payment of \$22,140 for 40 years beginning in October of 1997. This bond carries an interest rate of 5.125%.

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 8 - LONG-TERM DEBT (CONTINUED)**

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	4,352	17,788	22,140
2006-2007	4,575	17,565	22,140
2007-2008	4,810	17,330	22,140
2008-2009	5,057	17,083	22,140
2009-2010	5,316	16,824	22,140
2011-2015	30,962	79,738	110,700
2016-2020	39,760	70,940	110,700
2021-2025	51,062	59,638	110,700
2026-2030	65,572	45,128	110,700
2031-2035	84,208	27,398	111,606
2036-2040	<u>51,002</u>	<u>4,239</u>	<u>55,241</u>
Total	<u><u>346,676</u></u>	<u><u>373,671</u></u>	<u><u>720,347</u></u>

The following is a five year summary of debt service charges to maturity for the Utility Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	139,730	48,727	188,457
2006-2007	140,183	47,698	187,881
2007-2008	141,660	46,646	188,306
2008-2009	142,161	45,545	187,706
2009-2010	143,688	44,418	188,106
2011-2015	737,363	203,445	940,808
2016-2020	772,316	167,519	939,835
2021-2025	804,806	124,740	929,546
2026-2030	241,222	83,138	324,360
2031-2035	186,485	45,684	232,169
2036-2040	<u>51,002</u>	<u>4,239</u>	<u>55,241</u>
Total	<u><u>3,500,616</u></u>	<u><u>861,799</u></u>	<u><u>4,362,415</u></u>

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 8 - BONDS AND NOTES PAYABLE (CONTINUED)**

The following is a statement of changes in the utility long-term debt:

Bonds and Notes Payable:	Date of Issue	Interest Rate	Total Authorized	Outstanding June 30, 2004	Current Year Changes			Outstanding June 30, 2005
					Issued	Matured		
<b>Water System:</b>								
C.I.B. Water Loan	1994	2.500%	776,400	589,366	-	22,000		567,366
Total Water System			776,400	589,366	-	22,000		567,366
<b>Sewer System:</b>								
Water Quality - Loan	1994	0.000%	3,125,000	2,376,000	-	108,000		2,268,000
RECD (FHA) - Revenue Bonds	1996	5.250%	350,000	324,160	-	5,586		318,574
USDA - G.O. Bonds	1996	5.125%	375,000	349,720	-	3,044		346,676
Total Sewer System			3,850,000	3,049,880	-	116,630		2,933,250
Total Bonds and Notes Payable			4,626,400	3,639,246	-	138,630		3,500,616

**ENOCH CITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 9 - CLASS "C" ROADS**

The following is a statement of receipts and disbursements in Class "C" Roads:

BALANCE - BEGINNING OF YEAR		259,700
Receipts:		
State of Utah Allotments	150,588	
Interest	<u>8,329</u>	
Total Receipts		158,917
Disbursements:		
Construction and Maintenance		<u>(86,630)</u>
BALANCE - END OF YEAR		<u><u>331,987</u></u>

**NOTE 10 - PENSION PLANS**

**Local Governmental - Cost Sharing:**

**Plan Description:**

Enoch City contributes to the Local Governmental Noncontributory Retirement System and the Public Safety Other Division A Noncontributory Retirement System for employers with Social Security coverage all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**ENOCH CITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 10 - PENSION PLANS (CONTINUED)**

**Funding Policy:**

Enoch City is required to contribute a percent of covered salary to the following system; 11.092% to the Noncontributory System and 19.08% to the Public Safety Noncontributory System. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Enoch City contributions to the various systems for the years ending June 30, 2005, 2004 and 2003 respectively were; for the Noncontributory System, \$29,466.12, \$23,109.61 and \$19,969.70; for the Public Safety Noncontributory, \$16,927.45, \$6,495.98 and \$3,414.94 respectively. The contributions were equal to the required contributions for each year.

**NOTE 11 - RISK MANAGEMENT**

Enoch City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries and disasters. The City is insured through the Utah Local Government Trust for general liability coverage. The limits of coverage is \$2,000,000 with no deductible for each occurrence for both comprehensive general liability and automobile liability. Uninsured motorist has a \$50,000 limit per each accident.

The City is also insured through the Utah Local Governments Trust for property coverage. This policy provides all risk coverage with a \$1,000 deductible for buildings, contents and contractors equipment.

The City has a medical policy through the Trust for health and accident insurance for the City employees. The City pays the total premium for this coverage.

Claims have not exceeded coverage in any of the last three calendar years.

---

**REQUIRED SUPPLEMENTARY  
INFORMATION  
"UNAUDITED"**

---

**ENOCH CITY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance, July 1, 2004	<u>610,585</u>	<u>610,585</u>	<u>610,585</u>	<u>-</u>
<b>Resources (Inflows):</b>				
<b>Taxes:</b>				
General Property Taxes	161,810	148,726	151,642	2,916
Delinquent Prior Years Taxes	10,000	14,500	13,952	(548)
Fee-In-Lieu	36,000	40,000	43,753	3,753
General Sales and Use Taxes	260,000	275,000	284,288	9,288
Telecommunications Tax	-	33,000	35,104	2,104
Franchise Taxes	<u>37,000</u>	<u>20,000</u>	<u>18,744</u>	<u>(1,256)</u>
<b>Total Taxes</b>	<u>504,810</u>	<u>531,226</u>	<u>547,483</u>	<u>16,257</u>
<b>Licenses and Permits:</b>				
Business Licenses	3,000	3,000	2,505	(495)
Franchise Fees	3,000	3,000	2,235	(765)
Building Permits	75,000	130,000	132,279	2,279
Impact Fees - Streets	6,000	12,000	11,800	(200)
Impact Fees - Parks	24,000	46,000	47,200	1,200
Animal Licenses	800	1,700	1,635	(65)
Street and Curb Permits	<u>200</u>	<u>200</u>	<u>150</u>	<u>(50)</u>
<b>Total Licenses and Permits</b>	<u>112,000</u>	<u>195,900</u>	<u>197,804</u>	<u>1,904</u>
<b>Intergovernmental Revenue:</b>				
Class C Road	200,000	150,000	150,588	588
Federal Grants	13,950	36,820	32,609	(4,211)
Iron County Recreation Funds	2,500	2,500	2,500	-
State Liquor Allotment	2,400	2,400	1,281	(1,119)
Special Fuel Tax Refund	<u>2,200</u>	<u>2,200</u>	<u>1,250</u>	<u>(950)</u>
<b>Total Intergovernmental Revenue</b>	<u>221,050</u>	<u>193,920</u>	<u>188,228</u>	<u>(5,692)</u>

**ENOCH CITY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Resources (Inflows) Continued:</b>				
Charges for Services:				
Zoning and Subdivision Fees	10,000	25,000	23,706	(1,294)
Street Paving	-	1,000	2,500	1,500
Cemetery Lot Sales	2,500	5,000	5,835	835
Grave Openings	1,000	1,400	1,525	125
Dispatch Fee	13,000	15,000	15,152	152
Police Fees	500	500	492	(8)
Restitution Collected	500	500	-	(500)
Recreation Fees	3,000	3,300	3,350	50
Animal Shelter Fees	3,000	5,000	6,537	1,537
	<u>33,500</u>	<u>56,700</u>	<u>59,097</u>	<u>2,397</u>
Total Charges for Services				
Fines and Forfeitures	<u>3,000</u>	<u>9,000</u>	<u>7,570</u>	<u>(1,430)</u>
Other Revenue:				
Interest	18,000	31,400	34,200	2,800
Leases	10,600	10,900	10,800	(100)
Other	5,500	6,000	8,890	2,890
Use of Fund Balance	-	25,100	-	(25,100)
	<u>34,100</u>	<u>73,400</u>	<u>53,890</u>	<u>(19,510)</u>
Total Miscellaneous Revenue				
Amounts Available for Appropriation	<u>1,519,045</u>	<u>1,670,731</u>	<u>1,664,657</u>	<u>(6,074)</u>
<b>Charges to Appropriations (Outflows):</b>				
General Government:				
City Council	15,800	15,800	13,389	2,411
Administration	234,100	267,800	244,169	23,631
Planning Commission	9,500	8,000	6,449	1,551
Building and Zoning	38,150	39,850	36,758	3,092
	<u>297,550</u>	<u>331,450</u>	<u>300,765</u>	<u>30,685</u>
Total General Government				

Continued

**ENOCH CITY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Charges to Appropriations (Outflows) Continued:</b>				
Public Safety:				
Police Department	157,400	221,200	208,973	12,227
Public Services	50,100	56,250	53,827	2,423
Animal Control	37,600	56,700	52,694	4,006
<b>Total Public Safety</b>	<b>245,100</b>	<b>334,150</b>	<b>315,494</b>	<b>18,656</b>
Highway and Public Improvements:				
Repairs and Maintenance	274,900	272,300	164,025	108,275
Parks and Public Property:				
Parks	55,400	63,300	18,512	44,788
Recreation	4,700	5,450	4,996	454
Cemetery	4,500	7,400	458	6,942
<b>Total Culture and Recreation</b>	<b>64,600</b>	<b>76,150</b>	<b>23,966</b>	<b>52,184</b>
Nondepartmental:				
Increase in Fund Balance	26,310	46,096	-	46,096
<b>Total Charges to Appropriations</b>	<b>908,460</b>	<b>1,060,146</b>	<b>804,250</b>	<b>255,896</b>
<b>Budgetary Fund Balance - June 30, 2005</b>	<b>610,585</b>	<b>610,585</b>	<b>860,407</b>	<b>249,822</b>

**ENOCH CITY  
NOTE A  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION**

**For The Fiscal Year Ended June 30, 2005**

	<u>General Fund</u>
<b>Sources/Inflows and Resources:</b>	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	1,664,657
<b>Differences - Budget to GAAP:</b>	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(610,585)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>1,054,072</u></u>
<b>Uses/Outflows of Resources:</b>	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	804,250
<b>Differences - Budget to GAAP:</b>	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>804,250</u></u>

(This page contains no information and  
is used to assist in formatting, for easier reading)

---

## **COMPLIANCE SECTION**

---

# Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council  
Enoch City  
Enoch, Utah 84720

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Enoch City as and for the year ended June 30, 2005, which collectively comprise Enoch City's basic financial statements and have issued our report thereon dated September 27, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Enoch City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

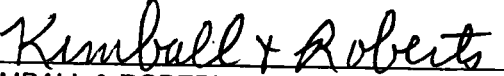
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Enoch City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Enoch City in a separate letter dated September 27, 2005.

Honorable Mayor and City Council  
Enoch City  
Page -2-

This report is intended solely for the information and use of the audit committee, management, City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

September 27, 2005  
Richfield, Utah

# Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

## AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Honorable Mayor and City Council  
Enoch City  
Enoch, Utah 84720

We have audited the financial statements of Enoch City, for the fiscal year ended June 30, 2005, and have issued our report thereon dated September 27, 2005. As part of our audit, we have audited Enoch City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the fiscal year ended June 30, 2005. The City received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

The City also received the following nonmajor grant, which is not required to be audited for specific compliance requirements: (However, this program was subject to testwork as part of the audit of Enoch City's financial statements.)

Public Safety Grant (Department of Public Safety)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Property Tax  
Other Compliance Requirements


The management of Enoch City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Honorable Mayor and City Council  
Enoch City  
Page -2-

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Enoch City, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the fiscal year ended June 30, 2005.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

September 27, 2005  
Richfield, Utah

**ENOCH CITY  
MANAGEMENT LETTER  
JUNE 30, 2005**

# **Kimball & Roberts**

*Certified Public Accountants*

*A Professional Corporation*

*Box 663*

*Richfield, Utah 84701*

*Phone 896-6488*

## **FINDINGS AND RECOMMENDATIONS**

Honorable Mayor and City Council  
Enoch City Corporation  
Enoch, Utah 84720

During our audit of the funds of Enoch City Corporation for the fiscal year ended June 30, 2005, we noted an area needing corrective action in order for the City to be in compliance with state laws and regulations. This item is discussed below for your consideration.

### **COMPLIANCE:**

#### **Fund Balance**

Utah Code, Section 10-6-116(4) indicates that only the "fund balance in excess of 5% of total revenues of the general fund may be utilized by budget purposes." The remaining 5% must be maintained as a minimum fund balance. Maximum in the general fund may not exceed 18% of the total estimated revenue of the general fund (10-6-116(2)).

#### **Finding:**

The City's estimated revenue in the General Fund for this fiscal year was \$1,035,046. Allowed fund balance would be 18% of this amount or \$186,308. The present unreserved fund balance in the general fund is \$323,909, which is in excess of that allowed by law.

#### **Recommendation:**

We recommend that the City reduce the fund balance to the amount allowed by law. To accomplish this the City may:

1. Budget and expend the excess in the following fiscal year,
2. Transfer the excess amounts to the capital projects fund for planned capital projects, such as buildings, roads and equipment, or
3. Reduce taxes.


#### **Management Response:**

We have discussed this finding with management and management agrees with the recommendation.

Honorable Mayor and City Council  
Enoch City Corporation  
Page -2-

We would like to take this opportunity to thank Enoch City Corporation's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

September 27, 2005  
Richfield, Utah